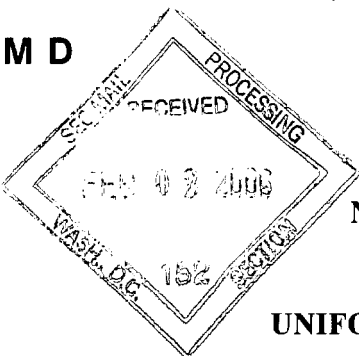


FORM D



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM D

NOTICE OF SALE OF SECURITIES  
PURSUANT TO REGULATION D,  
SECTION 4(6), AND/OR  
UNIFORM LIMITED OFFERING EXEMPTION

1352636

OMB APPROVAL	
OMB Number:	3235-0076
Expires:	
Estimated average burden hours per response.....	16.00

SEC USE ONLY	
Prefix	Control



Name of Offering ( ☐ check if this is an amendment and name has changed, and indicate change.)

Filing Under (Check box(es) that apply): ☐ Rule 504 ☐ Rule 505 ☒ Rule 506 ☐ Section 4(6) ☐ ULOE  
Type of Filing: ☐ New Filing ☐ Amendment

A. BASIC IDENTIFICATION DATA

I. Enter the information requested about the issuer

Name of Issuer ( ☐ check if this is an amendment and name has changed, and indicate change.)

Trinity Capital Markets Fund, LP

Address of Executive Offices 333 Rector Place, Suite 10E, New York, NY 10280	(Number and Street, City, State, Zip Code)	Telephone Number (Including Area Code) 917-957-3537
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Address of Principal Business Operations (if different from Executive Offices)	(Number and Street, City, State, Zip Code)	Telephone Number (Including Area Code)
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Brief Description of Business

Limited Partnership engaged in seeking capital appreciation through investments.

Type of Business Organization

☐ corporation ☒ limited partnership, already formed ☐ other (please specify): THOMSON FINANCIAL  
☐ business trust ☐ limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization: Month 01 Year 04 ☒ Actual ☐ Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State:  
CN for Canada; FN for other foreign jurisdiction) de

GENERAL INSTRUCTIONS

Federal:

*Who Must File:* All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

*When To File:* A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

*Where To File:* U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

*Copies Required:* Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

*Information Required:* A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

*Filing Fee:* There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

**A. BASIC IDENTIFICATION DATA**

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer.
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☒ General and/or Managing Partner

Full Name (Last name first, if individual)

Trinity Center Capital Partners, LLC

Business or Residence Address (Number and Street, City, State, Zip Code)

333 Rector Place, Suite 10E, New York, NY 10280

Check Box(es) that Apply: ☐ Promoter ☒ Beneficial Owner ☒ Executive Officer ☐ Director ☒ General and/or Managing Partner

Full Name (Last name first, if individual)

David Rauch

Business or Residence Address (Number and Street, City, State, Zip Code)

333 Rector Place, Suite 10E, New York, NY 10280

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

**B. INFORMATION ABOUT OFFERING**

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering? ..... ☐ Yes ☒ No  
Answer also in Appendix, Column 2, if filing under ULOE.
2. What is the minimum investment that will be accepted from any individual? ..... \$ 250,000.00
3. Does the offering permit joint ownership of a single unit? ..... ☒ Yes ☐ No
4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ..... ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ..... ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ..... ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

**C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS**

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if the answer is "none" or "zero." If the transaction is an exchange offering, check this box ☐ and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt .....	\$ 0.00	\$ 0.00
Equity .....	\$ 0.00	\$ 0.00
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants) .....	\$ 0.00	\$ 0.00
Partnership Interests .....	\$ 25,000,000.00	\$ 0.00
Other (Specify _____) .....	\$ 0.00	\$ 0.00
Total .....	\$ 25,000,000.00	\$ 0.00

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors .....	0	\$ 0.00
Non-accredited Investors .....	0	\$ 0.00
Total (for filings under Rule 504 only) .....	0	\$ 0.00

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C — Question 1.

Type of Offering	Type of Security	Dollar Amount Sold
Rule 505 .....	n/a	\$ 0.00
Regulation A .....	n/a	\$ 0.00
Rule 504 .....	n/a	\$ 0.00
Total .....		\$ 0.00

- 4 a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the insurer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees .....	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs .....	<input checked="" type="checkbox"/>	\$ 2,000.00
Legal Fees .....	<input checked="" type="checkbox"/>	\$ 10,000.00
Accounting Fees .....	<input checked="" type="checkbox"/>	\$ 8,000.00
Engineering Fees .....	<input type="checkbox"/>	\$ 0.00
Sales Commissions (specify finders' fees separately) .....	<input type="checkbox"/>	\$ 0.00
Other Expenses (identify) _____	<input checked="" type="checkbox"/>	\$ 5,000.00
Total .....	<input type="checkbox"/>	\$ 25,000.00

**C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS**

b. Enter the difference between the aggregate offering price given in response to Part C — Question 1 and total expenses furnished in response to Part C — Question 4.a. This difference is the “adjusted gross proceeds to the issuer.” .....

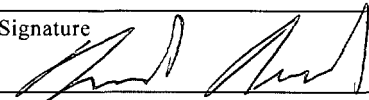
\$ 24,975,000.00

5. Indicate below the amount of the adjusted gross proceed to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C — Question 4.b above.

	Payments to Officers, Directors, & Affiliates	Payments to Others
Salaries and fees <u>SEE ATTACHED APPENDIX A</u> .....	<input checked="" type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Purchase of real estate .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Purchase, rental or leasing and installation of machinery and equipment .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Construction or leasing of plant buildings and facilities .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger) .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Repayment of indebtedness .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Working capital .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ 24,975,000.00
Other (specify): .....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
.....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
.....	<input type="checkbox"/> \$ .....	<input type="checkbox"/> \$ .....
Column Totals .....	<input type="checkbox"/> \$ 0.00	<input type="checkbox"/> \$ 24,975,000.00
Total Payments Listed (column totals added) .....	<input type="checkbox"/> \$ 24,975,000.00	

**D. FEDERAL SIGNATURE**

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) Trinity Capital Markets Fund, LP	Signature 	Date 1-27-06
Name of Signer (Print or Type) David Rauch	Title of Signer (Print or Type) Manager of General Partner of Issuer	

**ATTENTION**

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

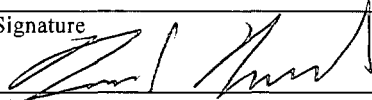
### E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? ..... Yes ☐ No ☒

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) Trinity Capital Markets Fund, LP	Signature 	Date 1-27-06
Name (Print or Type) David Rauch	Title (Print or Type) Manager of General Partner of Issuer	

**Instruction:**

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

**APPENDIX**

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)		Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
AK	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
AZ	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
AR	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
CA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
CO	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
CT	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
DE	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
DC	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
FL	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
GA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
HI	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
ID	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
IL	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
IN	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
IA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
KS	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
KY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	250000.00	2	\$500,000.00	0	\$0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
ME	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MD	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MI	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MN	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MS	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>

**APPENDIX**

1  State	2  Intend to sell to non-accredited investors in State (Part B-Item 1)		3  Type of security and aggregate offering price offered in state (Part C-Item 1)	4  Type of investor and amount purchased in State (Part C-Item 2)				5  Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MO	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
MT	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NE	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NV	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NH	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NJ	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NM	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NY	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
NC	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
ND	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
OH	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
OK	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
OR	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
PA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
RI	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
SC	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
SD	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
TN	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
TX	<input checked="" type="checkbox"/>	<input type="checkbox"/>	250000	1	\$250,000.00	0	\$0.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>
UT	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
VT	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
WA	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
WV	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
WI	<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>



**APPENDIX**

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)		Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
WY	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
PR	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Appendix A

Trinity Capital Markets Fund, L.P. is a Delaware limited partnership ("The **Partnership**"). The General Partner of the Partnership is Trinity Center Capital Partners, LLC (the "**General Partner**") and will be responsible for the management of the Partnership's portfolio. The Managing Member of the General Partner is David Rauch. The General Partner will be responsible for managing the investments and the business of the Partnership.

### Performance Allocation

At the end of each calendar year in which the aggregate net profit of the Partnership exceeds the aggregate net loss of the Partnership, an amount equal to 20% of the excess of net profit over net loss will be allocated to the General Partner (the "Performance Allocation"). The General Partner shall also receive a Performance Allocation upon any withdrawal by a Limited Partner, whether the withdrawal is voluntary or involuntary, and upon the dissolution of the Partnership. The General Partner may waive all or any portion of the Performance Allocation with respect to any Limited Partner in any calendar year. The General Partner may only receive a Performance Allocation from a Limited Partner that is a "Qualified Client" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Net profit of the Partnership means, with respect to a particular calendar year, the excess of the aggregate revenue, income and gains (realized and unrealized) earned on an accrual basis by the Partnership during the fiscal year from all sources and any reserves released during the calendar year over the expenses and losses (realized and unrealized) incurred on an accrual basis by the Partnership during the calendar year and any reserves established by the Partnership during the calendar year. Net loss of the Partnership means, with respect to a calendar year, the excess of all expenses and losses (realized and unrealized) incurred on an accrual basis by the Partnership during the calendar year and any reserves established by the Partnership during the calendar year over the aggregate revenue, income and gains (realized and unrealized) earned on an accrual basis by the Partnership during the calendar year from all sources and any reserves released by the Partnership during the calendar year.

The Performance Allocation is paid by reallocation to the General Partner of a portion of the Limited Partner's Capital Account balance on the last day of each calendar year. The Performance Allocation shall not include any change in the value of a security position held in a Side Pocket Account until such security is reallocated to the Capital Account of the participating Partners.

### Loss Carryforward Provision

The Performance Allocation is subject to what is commonly known as a loss carryforward or "high water mark". If the Partnership has a net loss in any calendar year, this loss will be carried forward as to each Limited Partner to future years. "Loss Carryforward" is defined as the amount of net loss charged to a Limited Partner and incurred in one or more prior years which has not been made up by subsequent allocations of net profit. If a Limited Partner effects a partial withdrawal, any Loss Carryforward which has not been eliminated will be proportionately reduced based upon the amount withdrawn.

The Loss Carryforward is intended to ensure that the Performance Allocation will be calculated on a "high water mark" basis and prevents the General Partner from receiving a Performance Allocation as to profits that simply are restoring previous losses. Only net profits which constitute new net profits in excess of the highest cumulative level of Net Profits as of the preceding date on which the General Partner last received a Performance Allocation shall be subject to further Performance Allocation.

When the Loss Carryforward has been recovered, the General Partner's Performance Allocation shall be based on the excess profits that exceed the Loss Carryforward amount as to each Limited Partner rather than on all profits.

## **Management Fee**

In consideration for its management services and pursuant to a Client Advisory Agreement with the Partnership, the Investment Manager will receive a Management Fee from each Limited Partner payable in arrears at the rate of 0.25% (1% on an annualized basis) of the Limited Partner's Capital Account as of the end of each calendar quarter. The Management Fee is paid quarterly by a deduction from the Limited Partner's Capital Account, unless other payment arrangements are made with the Investment Manager. The Investment Manager, in its sole discretion, may choose to waive or reduce the Management Fee for any Limited Partner for a particular period of time.

## **Expenses**

Unless otherwise agreed to by the General Partner from time to time, the Partnership shall bear, pay or reimburse the General Partner for all costs and expenses incurred by or on behalf of the Partnership or for its benefit and not otherwise paid or reimbursed by third parties or required to be paid by or on behalf of the General Partner, including without limitation all costs and expenses associated with the organization of the Partnership and of the offering or sale of Interests (which organizational and offering expenses advanced by the General Partner and its affiliates shall be reimbursed once the Partnership has received an aggregate of at least \$1,000,000 of capital contributions from its Partners), all continuing costs and expenses associated with the offering or sale of Interests, all costs and expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of the Partnership's business, all costs and premiums of fidelity and performance bonds and errors and omissions insurance coverage, all legal, accounting, brokerage and other professional, expert and consulting fees and expenses arising in connection with the Partnership's business, all interest on the Partnership's borrowings and other obligations, all extraordinary expenses of the Partnership, such as litigation costs, and all other Partnership operating, offering and portfolio transaction costs and expenses.

## **Soft Dollars**

The term "soft dollars" is generally used to describe an arrangement or agreement that involves a transaction between an investment adviser with discretion over clients' accounts and a broker-dealer, whereby, a broker-dealer provides the discretionary investment adviser with research or other services or products in return for commission dollars paid for executing transactions for discretionary client accounts. In providing research services, the broker-dealer may produce these "in-house" or obtain them externally from third parties.

Section 28(e) of the Securities Exchange Act of 1934, as amended permits an adviser to pay more than the lowest available commission rate (or "pay up") for research and similar services if the adviser determines, in good faith, that the brokerage rates charged by the broker are reasonable in light of the services provided. The SEC staff has taken the position that the safe harbor afforded by Section 28(e) is not available on a principal basis, with a markup or markdown paid to the broker-dealer (except for certain riskless principal trades in equities) or transactions in futures. Section 28(e) permits the General Partner to obtain research and other products and services that provide lawful and appropriate assistance to the General Partner in carrying out its investment decision-making responsibilities (often referred to as "soft-dollar" arrangements).

It is the General Partner's intention that all soft dollar arrangements made by the Partnership shall be consistent with Section 28(e) or shall be with respect to services the expenses of which would otherwise be required to be paid by the Partnership pursuant to the Partnership Agreement.

Even if the General Partner remains within the Section 28(e) safe harbor, the General Partner may receive products and services that have both research and non-research uses ("mixed use items") only if the General Partner makes a good faith allocation of the value of the non-research products and services it receives and pays for such non-research items in hard dollars.

Although the General Partner believes that the Partnership benefits from many of the products and services obtained with soft dollars generated by Partnership trades, the Partnership does not benefit exclusively. The General Partner also derives a direct or indirect benefit from some or all of these services, particularly to the extent that the General Partner uses soft dollars or commission dollars to pay for the expenses that the General Partner would otherwise be required to pay itself.

Whatever the nature of the specific arrangement, the broker-dealer usually provides the investment adviser with research or brokerage services with an expectation, but not necessarily an explicit agreement or contract, that the investment adviser will use the broker-dealer to execute client transactions in the future. In these situations, the investment adviser may cause its client account to pay the broker-dealer a commission that is higher than the lowest commission rate available from other broker-dealers for providing only basic execution services.

The services, equipment and other items provided or for which payment is otherwise made using such soft dollar and brokerage service arrangements may include, without limitation, prime brokerage services, research services and products, proxy voting services, computer and other office equipment, third party consulting fees, telephone, news wire, data processing and other charges, Partnership attorneys' and accountants' fees and expenses, office rent, offering expenses (including without limitation fees and expenses of placement agents, finders, attorneys and accountants, filing fees, printing and mailing costs, and related travel and entertainment expenses), travel and entertainment expenses related to Partnership business or investment research, quotation services, periodical subscription fees, and custody, record keeping and similar charges.

The relationships with brokerage firms that provide soft dollar services to the General Partner influence the General Partner's judgment in allocating brokerage business and create a conflict of interest in using the services of those brokers to execute the Partnership's brokerage transactions. The brokerage fees paid by the Partnership benefit the General Partner at the expense of the Partnership to the extent that the soft dollars are used to pay the General Partner's expenses that are not otherwise reimbursable by the Partnership. The General Partner believes that these relationships are beneficial to both the General Partner and the Partnership, but Partnership trades executed through these brokers or any other firm may or may not be the best price otherwise available. Prospective investors who consider such soft dollar practices material to their investment decision should inquire with the General Partner to obtain the most recent information on soft dollar practices.